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SUBJECT: ARGENTINA: AMBASSADOR WAYNE'S JUNE 20 & 21
MEETINGS WITH JUJUY AND NEUQUEN GOVERNORS

Classified By: Ambassador E. Anthony Wayne for Reasons 1.4 (b) and (d).

¶1. (SBU) SUMMARY: On June 20 and 21 Ambassador Wayne received governors of two key border provinces. Presidential candidate and Neuquen Governor Jorge Sobisch described the main themes of his long-shot presidential run. Jujuy's Governor Eduardo Fellner stated his continuing commitment to anti-drug cooperation and his hopes for further development of his frontier province. The Ambassador had extended an invitation to meet with all of the governors whenever they are in Buenos Aires. END SUMMARY.

Jujuy: Northwest Border with Bolivia and Chile

¶2. (SBU) On June 20, Ambassador Wayne and emboffs received Governor Eduardo Fellner and Minister of Production Hugo Tobchi who represent the northwest border province of Jujuy. Fellner, who has already served nine years as governor of northern province Jujuy, started by highlighting the excellent counter-drug cooperation between federal and provincial police and the embassy. The vast majority of cocaine coming into Argentina from Bolivia enters via Jujuy, and there is a long standing DEA cooperation in the province which began under Fellner's leadership. He also explained the importance of local industries in his province such as tobacco, which employs 20-25 thousand in Jujuy and exports 80-85 percent of its production. He noted that U.S. companies are involved in the processing and purchasing of Jujuy's tobacco crop. Fellner and Tobchi mentioned that they were interested in exploration for hydrocarbons in the province and that they would welcome the participation of U.S. companies. They explained that Jujuy in 2005 had opened a new highway into Chile that gives cargo shipments quicker access to ports. Fellner mentioned that President Kirchner's support and federal funding were essential to the completion of the full transportation grid. Fellner said that Jujuy's tourism industry is underdeveloped and lags behind other provinces, despite the potential of its natural beauty which has similarities to the U.S.'s southwest. He said he thought this could be overcome with some investment and modernization of the province.

¶3. (C) Fellner said that he was happy to be finishing his mandate as governor in December after so many years. Fellner said that he personally believes in changing leaders, but he

had only pushed to amend the provincial constitution to allow indefinite reelection at President Kirchner's request. He said that, luckily, the widely publicized defeat of indefinite reelection in Misiones in October 2006 ended Kirchner's pressure for the amendment. While content to leave his post as governor, Fellner said he hoped that U.S. investment and interest in the province would deepen.

Neuquen: Oil-rich Border Province and Presidential Ambitions

¶4. (U) On June 21, Ambassador Wayne and poloffs received Neuquen Governor and presidential candidate Jorge Sobisch and his son Federico Sobisch. (COMMENT: Sobisch is a center-right politician from a regional party. He has no national party structure and has no real chance of winning the presidential elections in October. Local pollsters have consistently shown him with less than 1 percent of estimated votes. END COMMENT.) Sobisch explained that he had implemented more orthodox economic practices in his home province and how their success had spread to other provinces.

Sobisch described his main campaign messages as: pursuing long-term economic planning for the country, strengthening democratic institutions, and a more concrete, open foreign policy. He criticized the Argentine habit of trying to reconstruct the government from scratch after each election. He said that since 1983, each new president has changed all of the policies of his predecessor, instead of trying to build on the success and learn from the mistakes, as has been in other countries with steadier development paths. He was very critical of what he described as the lack of any real foreign policy under President Kirchner.

¶5. (C) Sobisch said that the current administration's short-term focus was bringing the country problems like food and energy shortages. He said that we are starting to see the cracks in the surface of Kirchner's regime. He strongly criticized the current energy subsidy program, pointing out that the generally poorer provinces were subsidizing the richer city of Buenos Aires' energy consumption.

¶6. (SBU) Sobisch told Ambassador that he has enjoyed good relations with the U.S. and that his province has benefited from them. He joked that he would be very pleased to receive the Ambassador at the Casa Rosada in December, saying "we have much work to do together."

¶7. (SBU) Sobisch explained that he has worked in Neuquen to explore renewable energy sources and alternative solutions to problems, so that the province would have options as its oil and gas resources waned. He also mentioned a major public works project to use alternative water processing to bring potable water to four cities in Neuquen. He said that the country needs more policies like these and must try to make its economy more horizontal. The governor added that Neuquen's abundant petroleum resources gave it a financial independence that few other provinces have. He lamented the increased financial dependence of provinces on the federal government and said he favored a tax reform to increase the provincial share of tax revenue.

¶8. (SBU) Ambassador Wayne expressed his condolences for the accidental death of a teacher during teachers' union strikes in April. Sobisch said that he thought the political fallout from that death had mostly passed, and that although the situation had a high political cost, he thought it was essential that elected officials fulfill their mandates and take responsibility for their management. (COMMENT: This is not the usual Argentine response to difficult situations. Most politicians resign their positions when faced with a situation of this magnitude. END COMMENT.)

WAYNE